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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

JUL 26 1993

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
Treatment of Operator Services) CC Docket No. 93-124
Under Price Cap Regulation)

COMMENTS

BellSouth Telecommunications, Inc. ("BellSouth") submits its comments in response to the Notice of Proposed Rulemaking ("NPRM") issued in the above-captioned proceeding.¹ The Commission requests comment on its proposal to establish a new service category within the Traffic Sensitive Basket which will encompass LEC-provided interstate operator services. The new category would be subject to banding limitations of plus or minus 5 percent per year adjusted for changes in the basket's price cap index, i.e., the same constraints now applied to existing service categories.

BellSouth opposes this approach, which is counter to the balancing of policy objectives that informed the LEC Price Cap Order.² Absent factual circumstances clearly demonstrating a need for additional regulation, the

¹ Treatment of Operator Services Under Price Cap Regulation, CC Docket No. 93-124, FCC 93-203, Notice of Proposed Rulemaking, released May 26, 1993.

² In the Matter of Policy and Rules Concerning Rates for Dominant Carriers, CC Docket No. 87-313, 5 FCC Rcd 6786 (1990).


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Commission should decline to further restrict LEC pricing decisions.

DISCUSSION

The LEC Price Cap Order groups services into four classifications, denominated "baskets". These are (1) common line services; (2) traffic sensitive services; (3) special access services and (4) interexchange services. The traffic sensitive service basket is further subdivided into service categories. Under the original terms of the LEC



clearly the Commission's objective in adopting pricing baskets and bands and identified the specific ills these restraints were intended to forestall.⁵ As such, it stands in marked contrast with the more recent approach, where creation of a new service category to accompany the introduction of a new service offering is virtually automatic.

BellSouth has declared in a variety of contexts that the Commission must not withhold LEC pricing flexibility while competitive alternatives to LEC services proliferate.⁶ Although the Commission's statements indicate agreement with this principle, its actions--such as the current proposal to burden LEC operator services with additional regulatory oversight--bespeak otherwise. BellSouth urges the Commission to reject this proposal and continue to include operator services in the existing price cap structure of Part 61.

⁵ "[W]e will employ a system of baskets and bands to limit, but not eliminate, LEC pricing flexibility. Our goal is to permit incremental changes in prices that will assist LECs in achieving the efficiency objectives lying at the heart of this proceeding, without subjecting ratepayers to precipitous changes in the prices of LEC services, and without enabling LECs to disadvantage one class of ratepayers to the benefit of another class." 5 FCC Rcd at 6810-6811.

⁶ See, e.g., Transport Rate Structure and Pricing, Petition for Waiver of the Transport Rules Filed by GTE Service Corporation, CC Docket No. 91-213, BellSouth Comments, February 1, 1993, pp. 50-54; Expanded Interconnection with Local Telephone Company Facilities, CC Docket No. 91-141, Phase I, BellSouth Reply Comments, February 19, 1993, pp. 5-7.

Such a result is clearly warranted by the factual circumstances applicable to BellSouth's offering of operator services. Since its introduction on January 31, 1992, operator transfer service (OTS) has undergone no price increase or other significant change in service terms.⁷ In short, the record reveals no necessity for Commission intervention to guard against precipitous price changes or the disadvantage of any group of ratepayers--the specific evils the Commission intended to address with the basket and band pricing structure. Moreover, this proposal--like other recent Commission actions outlined above--increases the regulatory and reporting workload by requiring increased disaggregation of Part 69 elements. This also appears to be a retreat from previously expressed Commission policy.

⁷ The NPRM identifies operator transfer service and line status verification as the two types of LEC-provided interstate operator services. NPRM, p. 1 at n. 1.

CONCLUSION

The Commission should not require creation of a separate category within the Traffic Sensitive Basket for interstate operator services. To do so would place unwarranted restrictions on LEC pricing flexibility, which are not justified by the experience compiled to date in LECs' provisioning of these services.

Respectfully submitted,

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